

February 22, 2002

VIA ELECTRONIC FILING AND U.S. MAIL

Marjorie Reed Greene
Associate Bureau Chief
Cable Services Bureau
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: **City Signal Communications, Inc.; CS Docket No. 00-255**

Dear Ms. Greene:

This is in response to the letter entitled "Report on Status of Negotiations in CS Docket Nos. 00-253 and 00-255" (hereinafter the "Report") submitted by counsel for City Signal Communications, Inc. on February 14, 2002, in response to your January 31st request for the same.

At the outset, I would like to express my surprise that the Report contains only off-the-cuff references to the status of negotiations, and a great deal of repetitive legal argument concerning City Signal's claims before the Federal Communications Commission ("FCC"). Although you did not request any report from the City of Pepper Pike (hereinafter "Pepper Pike"), you are welcome to request a report or any other information from us in the future. I am providing the following so that you will have at least some factual information regarding the status of the negotiations.

Pepper Pike and City Signal have nearly finalize an agreement with fundamental deal points agreed to. Pepper Pike has agreed to construct a system of four 4" conduits over the route requested by City Signal, which traverses approximately two miles across the northwest portion of Pepper Pike. Approximately one-third of the conduit system has already been constructed. On February 20, 2002, Pepper Pike awarded a contract for the construction of the remaining two-thirds of the conduit system. Total construction costs for Pepper Pike will be approximately \$220,000, and construction is expected to be complete within sixty (60) days of the start date.

City Signal has agreed to lease a portion (one 1½" inch diameter innerduct) of one of the conduits at a rate of \$1.50 per linear foot per year for a period of ten (10) years. All initial construction costs are to

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be absorbed by Pepper Pike. City Signal is required to make annual lease payments of approximately \$15,000 and agreed to post a bond for the lease payments of \$50,000.

The only statements in the Report of City Signal's attorneys that actually relate to the negotiations with Pepper Pike are found at the bottom of page 2, which discuss "The city's current demand for an unreasonably high surety bond and for a security interest in the Company's facilities..." It is true that negotiations over these issues took place. The City sought to have some protection in the event of a financial failure of City Signal. These arrangements are rather normal in commercial transactions and typically take the form of a payment bond, security interest, third party guarantee, etc. While several different arrangements were discussed, *some* arrangement under which the parties would share the risk of non-payment was always considered acceptable by both sides. It was simply a matter of determining which one it would be. It is totally unfair to claim that these discussions "have derailed the Company's efforts to finalize an acceptable agreement with the City,..." (Report, p.3). And in fact, prior to February 14th, Pepper Pike and City Signal agreed upon a performance bond in the amount of \$50,000 (one-third of the estimated total lease payments), and to omit the security interest and third party guarantees that were alternatively being discussed. This information was apparently not available to City Signal's attorneys at the time they submitted their Report to you.

Certain lease terms and conditions remain to be negotiated. However, the remaining issues are minor in comparison with what has gone before, and there is nothing in my experience (or in the Report) which leads me to believe that these remaining issues will not be successfully resolved.

City Signal's attorneys have reported that City Signal's effort to negotiate with the City "...has not been successful,..." (Report, p. 2). In light of the above, I hope you find this statement to be as inexplicable as I do. Please do not hesitate to contact me if you have any questions.

Sincerely,

/s/ Christopher L. Gibbon

Christopher L. Gibbon
Director of Law
City of Pepper Pike

cc: Jeffrey M. Karp, Esq.
Kathy L. Cooper, Esq.